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June 8, 2005

**RECEIVED**  
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**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**



Ms. Pamela Bonrud  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

**RE: SD PUC Docket EL05-016**  
**Otter Tail Power Company's Updated Fuel Adjustment Clause**

Dear Ms. Bonrud:

Enclosed you will find an approved copy of Otter Tail Power Company's updated Fuel Adjustment Clause tariff with the rate designation of M-60S for your files. The tariff has been updated to reflect the change from a mid-month application to a calendar month application.

The rate schedule, with an approved date of May 26, 2005, is effective for service rendered on and after June 1, 2005.

Please note this tariff is the Eighth Revised Sheet No. 98, Canceling Seventh Revised Sheet No. 98, as directed per the Commission.

Sincerely yours,

A handwritten signature in cursive script that reads "Bernadeen Brutlag".

Bernadeen Brutlag  
Manager, Regulatory Services

Enclosures

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### FUEL ADJUSTMENT CLAUSE

There shall be added to or deducted from the monthly bill the amount per kilowatt-hour (rounded to the nearest 0.001¢) that the average cost of fuel is above or below 1.5460¢ per kilowatt-hour. The average cost of fuel per kilowatt-hour for the current period shall be calculated from data covering actual costs from the most recent three month period as follows:

Energy costs from actual months 1, 2 and 3 plus unrecovered (or less over recovered) prior cumulative energy costs plus (or minus) the carrying charge, divided by the associated energy (reduced for average system losses) associated with retail sales for actual months 1, 2 and 3 equals the cost of energy amount.

The applicable adjustment will be applied month to month on a uniform billing cycle to each customer's bill beginning with cycle 1 of the calendar month following the month when the adjustment is calculated. The cost of fuel shall be determined as follows: (T)

1. The expense of fossil and other fuels, including but not limited to, biomass, wood, refuse-derived fuel (RDF), and tire-derived fuel (TDF), as recorded in Account 151 of the FERC's Uniform System of Accounts for Public Utilities and Licensees, used in the Company's generating plants.
2. The utility's share of the expense of fossil fuel, as recorded in Account 151, used in jointly owned or leased plants.
3. The net energy cost of energy purchases when such energy is purchased on an economic dispatch basis, exclusive of capacity or demand charges.
4. The net cost of energy purchases from any facility utilizing wind or other renewable energy conversion systems for the generation of electric energy, whether or not those purchases occur on an economic dispatch basis.
5. Renewable energy purchased for the TailWinds program is not included in the fuel clause adjustment calculation.
6. Costs or revenues linked to the utility's load serving obligation, associated with participation in wholesale electric energy markets operated by Regional Transmission Organizations, Independent System Operators or similar entities that have received Federal Energy Regulatory Commission approval to operate the energy markets.
7. The actual identifiable fossil and nuclear fuel expense associated with energy purchased for reasons other than identified in 3 and 4 above.
8. Less the fossil fuel and other related costs recovered through intersystem sales, including the fuel costs and or renewal energy costs related to economy energy sales and other energy sold on an economic dispatch basis.